AMENDED IN SENATE AUGUST 19, 2014 AMENDED IN SENATE JULY 1, 2014 AMENDED IN SENATE JUNE 12, 2014 AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013-14 REGULAR SESSION

ASSEMBLY BILL

No. 2145

Introduced by Assembly Member Bradford

February 20, 2014

An act to amend Sections 331.1 and 366.2 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 2145, as amended, Bradford. Electricity: community choice aggregation.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act authorizes a community choice aggregator, as defined, to aggregate the electrical load of interested electricity consumers within its boundaries and requires a community choice aggregator to file an implementation plan with the commission and requires that the plan include disclosures of certain information and describe other matter. The act requires a community choice aggregator to register with the commission, which may require additional information to ensure compliance with basic consumer protection rules and other procedural matters. Existing law requires that a city, county, or city and county that elects to implement a community choice aggregation program within its jurisdiction do so by ordinance, but

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authorizes a city, county, or city and county to request, by affirmative resolution of its governing council or board, that another entity authorized to be a community choice aggregator act as the community choice aggregator on its behalf, in which case, that other entity is responsible for adopting the ordinance to implement the community choice aggregation program on behalf of the requesting city, county, or city and county.

This bill would require solicitations of customers by a community choice aggregator contain, and communication by the community choice aggregator to the public or prospective and existing customers to be consistent with, specified information and would require that the implementation plan filed by a community choice aggregator completely describe certain matter required to be disclosed under existing law. The bill would authorize the commission to require that a community choice aggregator, when registering with the commission, provide additional information to ensure compliance with basic consumer protection and other rules and other procedural matters. If a city, county, or city and county requests another entity that is authorized to be a community choice aggregator to act as the community choice aggregator on its behalf, the bill would require that the entity that is to be the community choice aggregator be in a county that is contiguous to the requesting city, county, or city and county. The bill would provide that, beginning January 1, 2015, no entity may enact an ordinance to serve as the community choice aggregator in more than 3-contiguous-counties, but may serve as the community choice aggregator for any city, county, or city and county that is outside a 3-contiguous-county area, for which it adopted an ordinance prior to January 1, 2015. The bill would make other technical, nonsubstantive revisions to the community choice aggregator provisions.

The Joint Exercise of Powers Act authorizes the legislative or other governing bodies of 2 or more public agencies to jointly exercise by agreement any power common to the contracting parties, as specified. Existing law authorizes any group of cities, counties, or cities and counties whose governing boards have so elected to combine the loads of their programs as a community choice aggregator through the formation of a joint powers agency established pursuant to the Joint Exercise of Powers Act.

This bill would prohibit a joint powers agency formed to provide electric service as a community choice aggregator from exceeding the geographical boundaries of 3-contiguous-counties, but would provide -3- AB 2145

that this limitation does not apply where an ordinance authorizing community choice aggregation outside the 3-contiguous-counties was adopted prior to January 1, 2015.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the bill would impose requirements regarding a community choice aggregator, a violation of which would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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The people of the State of California do enact as follows:

- 1 SECTION 1. Section 331.1 of the Public Utilities Code is 2 amended to read:
 - 331.1. For purposes of this chapter, "community choice aggregator" means any of the following entities, if that entity is not within the jurisdiction of a local publicly owned electric utility that provided electrical service as of January 1, 2003:
 - (a) Any city, county, or city and county whose governing board elects to combine the loads of its residents, businesses, and municipal facilities in a communitywide electricity buyers' program.
 - (b) (1) Any group of cities, counties, or cities and counties whose governing boards have elected to combine the loads of their programs, through the formation of a joint powers agency established under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.
 - (2) A joint powers agency formed to provide electric service as a community choice aggregator shall not exceed the geographical boundaries of three contiguous counties. This limitation does not apply where an ordinance authorizing community choice aggregation outside the three contiguous counties was adopted prior to January 1, 2015. For purposes of this paragraph, a county

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1 is contiguous to another county if it shares a border with that 2 county. A county need only share a border with one of the other 3 two counties.

- (c) The Kings River Conservation District, the Sonoma County Water Agency, and any California public agency possessing statutory authority to generate and deliver electricity at retail within its designated jurisdiction, provided the entity may only combine the loads of residences, businesses, and governmental facilities of cities and counties within, or contiguous to, its jurisdiction that have, by resolution exercised pursuant to paragraph (12) of subdivision (c) of Section 366.2, requested the agency to implement a community choice aggregation program.
- SEC. 2. Section 366.2 of the Public Utilities Code is amended to read:
- 366.2. (a) (1) Customers shall be entitled to aggregate their electric loads as members of their local community with community choice aggregators.
- (2) Customers may aggregate their loads through a public process with community choice aggregators, if each customer is given an opportunity to opt out of his or her community's aggregation program.
- (3) If a customer opts out of a community choice aggregator's program, or has no community choice aggregation program available, that customer shall have the right to continue to be served by the existing electrical corporation or its successor in interest.
- (4) The implementation of a community choice aggregation program shall not result in a shifting of costs between the customers of the community choice aggregator and the bundled service customers of an electrical corporation.
- (5) A community choice aggregator shall be solely responsible for all generation procurement activities on behalf of the community choice aggregator's customers, except where other generation procurement arrangements are expressly authorized by statute.
- (b) If a public agency seeks to serve as a community choice aggregator, it shall offer the opportunity to purchase electricity to all residential customers within its jurisdiction.
- (c) (1) Notwithstanding Section 366, a community choice aggregator is hereby authorized to aggregate the electrical load of interested electricity consumers within its boundaries to reduce

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transaction costs to consumers, provide consumer protection, and leverage the negotiation of contracts. However, the community choice aggregator may not aggregate electrical load if that load is served by a local publicly owned electric utility. A community choice aggregator may group retail electricity customers to solicit bids, broker, and contract for electricity and energy services for those customers. The community choice aggregator may enter into agreements for services to facilitate the sale and purchase of electricity and other related services. Those service agreements may be entered into by an entity authorized to be a community choice aggregator, as defined in Section 331.1.

- (2) Under community choice aggregation, customer participation shall not require a positive written declaration and each customer shall be informed of his or her right to opt out of the community choice aggregation program. If no negative declaration is made by a customer, that customer shall be served through the community choice aggregation program. If an existing customer moves the location of his or her electric service within the jurisdiction of the community choice aggregator, the customer shall retain the same subscriber status as prior to the move, unless the customer affirmatively changes his or her subscriber status. If the customer is moving from outside to inside the jurisdiction of the community choice aggregator, customer participation shall not require a positive written declaration and the customer shall be informed of his or her right to elect not to receive service through the community choice aggregation program.
- (3) A community choice aggregator establishing electrical load aggregation pursuant to this section shall develop an implementation plan detailing the process and consequences of aggregation. The implementation plan, and any subsequent changes to it, shall be considered and adopted at a duly noticed public hearing. The implementation plan shall contain all of the following:
- (A) An organizational structure of the program, its operations, and its funding.
 - (B) Ratesetting and other costs to participants.
 - (C) Provisions for full disclosure of all information specified in paragraph (15) and due process in setting rates and allocating costs among participants.
 - (D) The methods for entering and terminating agreements with other entities.

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(E) The rights and responsibilities of program participants, including, but not limited to, consumer protection procedures, credit issues, and shutoff procedures.

- (F) Termination of the program.
- (G) A description of the third parties that will be supplying electricity under the program, including, but not limited to, complete information about financial, technical, and operational capabilities.
- (4) A community choice aggregator establishing electrical load aggregation shall prepare a statement of intent with the implementation plan. Any community choice load aggregation established pursuant to this section shall provide for the following:
 - (A) Universal access.
 - (B) Reliability.
 - (C) Equitable treatment of all classes of customers.
- (D) Any requirements established by state law or by the commission concerning aggregated service, including, but not limited to, those rules adopted by the commission pursuant to paragraph (3) of subdivision (b) of Section 8341 for the application of the greenhouse gases emission performance standard to community choice aggregators.
- (5) In order to determine the cost-recovery mechanism to be imposed on the community choice aggregator pursuant to subdivisions (d), (e), and (f) that shall be paid by the customers of the community choice aggregator to prevent shifting of costs, the community choice aggregator shall file the implementation plan with the commission, and any other information requested by the commission that the commission determines is necessary to develop the cost-recovery mechanism in subdivisions (d), (e), and (f).
- (6) The commission shall notify any electrical corporation serving the customers proposed for aggregation that an implementation plan initiating community choice aggregation has been filed, within 10 days of the filing.
- (7) Within 90 days after the community choice aggregator establishing load aggregation files its implementation plan, the commission shall certify that it has received the implementation plan, including any additional information necessary to determine a cost-recovery mechanism. After certification of receipt of the implementation plan and any additional information requested, the commission shall then provide the community choice

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aggregator with its findings regarding any cost recovery that must be paid by customers of the community choice aggregator to prevent a shifting of costs as provided for in subdivisions (d), (e), and (f).

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- (8) No entity proposing community choice aggregation shall act to furnish electricity to electricity consumers within its boundaries until the commission determines the cost recovery that must be paid by the customers of that proposed community choice aggregation program, as provided for in subdivisions (d), (e), and (f). The commission shall designate the earliest possible effective date for implementation of a community choice aggregation program, taking into consideration the impact on any annual procurement plan of the electrical corporation that has been approved by the commission.
- (9) An electrical corporation shall cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs. Cooperation shall include providing the entities with appropriate billing and electrical load data, including, but not limited to, electrical consumption data as defined in Section 8380 and other data detailing electricity needs and patterns of usage, as determined by the commission, and in accordance with procedures established by the commission. The commission shall exercise its authority pursuant to Chapter 11 (commencing with Section 2100) to enforce the requirements of this paragraph when it finds that the requirements of this paragraph have been violated. Electrical corporations shall continue to provide all metering, billing, collection, and customer service to retail customers that participate in community choice aggregation programs. Bills sent by the electrical corporation to retail customers shall identify the community choice aggregator as providing the electrical energy component of the bill. The commission shall determine the terms and conditions under which the electrical corporation provides services to community choice aggregators and retail customers.
- (10) If the commission finds that an electrical corporation or community choice aggregator has violated this section, the commission shall order appropriate corrective action.
- (11) The commission shall proactively expedite the complaint process for disputes regarding an electrical corporation's or community choice aggregator's violation of its obligations pursuant

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to this section in order to provide for timely resolution of complaints, so that all complaints are resolved in no more than 180 days following the filing of a complaint. This deadline may only be extended under either of the following circumstances:

- (A) Upon agreement of all of the parties to the complaint.
- (B) The commission makes a written determination that the deadline cannot be met, including findings for the reason for this determination, and issues an order extending the deadline. A single order pursuant to this subparagraph shall not extend the deadline for more than 60 days.
- (12) (A) An entity authorized to be a community choice aggregator, as defined in Section 331.1, that elects to implement a community choice aggregation program within its jurisdiction pursuant to this chapter, shall do so by ordinance. A city, county, or city and county may request, by affirmative resolution of its governing council or board, that another entity in a contiguous county that is authorized to be a community choice aggregator act as the community choice aggregator on its behalf. If a city, county, or city and county, by resolution, requests another authorized entity in a contiguous county be the community choice aggregator for the city, county, or city and county, that authorized entity shall be responsible for adopting the ordinance to implement the community choice aggregation program on behalf of the city, county, or city and county. Beginning January 1, 2015, no entity may enact an ordinance to serve as the community choice aggregator in more than three contiguous counties, but may serve as the community choice aggregator for any city, county, or city and county that is outside a three contiguous county area, for which it adopted an ordinance pursuant to this subparagraph prior to January 1, 2015.
- (B) Two or more entities in contiguous counties that are authorized to be a community choice aggregator, as defined in Section 331.1, may participate as a group in a community choice aggregation program pursuant to this chapter, through a joint powers agency established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, if each entity adopts an ordinance pursuant to subparagraph (A). Pursuant to Section 6508.1 of the Government Code, members of a joint powers agency that is a community choice aggregator may specify in their joint powers agreement that, unless otherwise agreed by the members of the agency, the debts, liabilities, and

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obligations of the agency shall not be the debts, liabilities, and obligations, either jointly or severally, of the members of the agency. The commission shall not, as a condition of registration or otherwise, require an agency's members to voluntarily assume the debts, liabilities, and obligations of the agency to the electrical corporation unless the commission finds that the agreement by the agency's members is the only reasonable means by which the agency may establish its creditworthiness under the electrical corporation's tariff to pay charges to the electrical corporation under the tariff. Except as provided in Section 331.1, a joint powers agency that is a community choice aggregator shall not exceed the geographical boundaries of three contiguous counties.

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(13) Following adoption of aggregation through the ordinance described in paragraph (12), the program shall allow any retail customer to opt out and to continue to be served as a bundled service customer by the existing electrical corporation, or its successor in interest. Delivery services shall be provided at the same rates, terms, and conditions, as approved by the commission, for community choice aggregation customers and customers that have entered into a direct transaction where applicable, as determined by the commission. Once enrolled in the aggregated entity, any ratepayer that chooses to opt out within 60 days or two billing cycles of the date of enrollment may do so without penalty and shall be entitled to receive default service pursuant to paragraph (3) of subdivision (a). Customers that return to the electrical corporation for procurement services shall be subject to the same terms and conditions as are applicable to other returning direct access customers from the same class, as determined by the commission, as authorized by the commission pursuant to this code or any other provision of law, except that those customers shall be subject to no more than a 12-month stay requirement with the electrical corporation. Any reentry fees to be imposed after the opt-out period specified in this paragraph, shall be approved by the commission and shall reflect the cost of reentry. The commission shall exclude any amounts previously determined and paid pursuant to subdivisions (d), (e), and (f) from the cost of reentry.

(14) Nothing in this section shall be construed as authorizing any city or any community choice retail load aggregator to restrict the ability of retail electricity customers to obtain or receive service

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1 from any authorized electric service provider in a manner consistent 2 with law.

- (15) (A) The community choice aggregator shall fully inform participating customers at least twice within two calendar months, or 60 days, in advance of the date of commencing automatic enrollment. Notifications may occur concurrently with billing cycles. Following enrollment, the community choice aggregator shall fully inform participating customers for not less than two consecutive billing cycles. Notification may include, but is not limited to, direct mailings to customers, or inserts in water, sewer, or other utility bills. Any notification shall inform customers of both of the following:
- (i) That they are to be automatically enrolled and that the customer has the right to opt out of the community choice aggregator without penalty.
 - (ii) The terms and conditions of the services offered.
- (B) Each notification shall also include a mechanism by which a ratepayer may opt out of community choice aggregated service. The opt out may take the form of a self-addressed return postcard indicating the customer's election to remain with, or return to, electric service provided by the electrical corporation, or another straightforward means by which the customer may elect to derive electric service through the electrical corporation providing service in the area.
- (C) Every solicitation of customers by a community choice aggregator shall contain, and communication by the community choice aggregator to the public or to a prospective or existing customer shall be consistent with, the electric supply rate for the customer if the customer remains with the electrical corporation compared to the electric supply rate if the customer chooses to be served by the community choice aggregator. Rates shall be specific to the customer class of that customer and shall be provided for the next five years of service. The electrical corporation shall provide its projected electric supply rate to the community choice aggregator: customer.
- (16) A community choice aggregator shall have an operating service agreement with the electrical corporation prior to furnishing electric service to consumers within its jurisdiction. The service agreement shall include performance standards that govern the business and operational relationship between the community

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choice aggregator and the electrical corporation. The commission shall ensure that any service agreement between the community choice aggregator and the electrical corporation includes equitable responsibilities and remedies for all parties. The parties may negotiate specific terms of the service agreement, provided that the service agreement is consistent with this chapter.

- (17) The community choice aggregator shall register with the commission, which may require additional information to ensure compliance with basic consumer protection and other rules and other procedural matters.
- (18) Once the community choice aggregator's contract is signed, the community choice aggregator shall notify the applicable electrical corporation that community choice service will commence within 30 days.
- (19) Once notified of a community choice aggregator program, the electrical corporation shall transfer all applicable accounts to the new supplier within a 30-day period from the date of the close of the electrical corporation's normally scheduled monthly metering and billing process.
- (20) An electrical corporation shall recover from the community choice aggregator any costs reasonably attributable to the community choice aggregator, as determined by the commission, of implementing this section, including, but not limited to, all business and information system changes, except for transaction-based costs as described in this paragraph. Any costs not reasonably attributable to a community choice aggregator shall be recovered from ratepayers, as determined by the commission. All reasonable transaction-based costs of notices, billing, metering, collections, and customer communications or other services provided to an aggregator or its customers shall be recovered from the aggregator or its customers on terms and at rates to be approved by the commission.
- (21) At the request and expense of any community choice aggregator, an electrical corporation shall install, maintain, and calibrate metering devices at mutually agreeable locations within or adjacent to the community choice aggregator's political boundaries. The electrical corporation shall read the metering devices and provide the data collected to the community choice aggregator at the aggregator's expense. To the extent that the community choice aggregator requests a metering location that

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would require alteration or modification of a circuit, the electrical 2 corporation shall only be required to alter or modify a circuit if 3 that alteration or modification does not compromise the safety, 4 reliability, or operational flexibility of the electrical corporation's 5 facilities. All costs incurred to modify circuits pursuant to this paragraph, shall be borne by the community choice aggregator.

- (d) (1) It is the intent of the Legislature that each retail end-use customer that has purchased power from an electrical corporation on or after February 1, 2001, should bear a fair share of the Department of Water Resources' electricity purchase costs, as well as electricity purchase contract obligations incurred as of the effective date of the act adding this section, that are recoverable from electrical corporation customers in commission-approved rates. It is further the intent of the Legislature to prevent any shifting of recoverable costs between customers.
- (2) The Legislature finds and declares that this subdivision is consistent with the requirements of Division 27 (commencing with Section 80000) of the Water Code and Section 360.5 of this code, and is therefore declaratory of existing law.
- (e) A retail end-use customer that purchases electricity from a community choice aggregator pursuant to this section shall pay both of the following:
- (1) A charge equivalent to the charges that would otherwise be imposed on the customer by the commission to recover bond-related costs pursuant to any agreement between the commission and the Department of Water Resources pursuant to Section 80110 of the Water Code, which charge shall be payable until any obligations of the Department of Water Resources pursuant to Division 27 (commencing with Section 80000) of the Water Code are fully paid or otherwise discharged.
- (2) Any additional costs of the Department of Water Resources, equal to the customer's proportionate share of the Department of Water Resources' estimated net unavoidable electricity purchase contract costs as determined by the commission, for the period commencing with the customer's purchases of electricity from the community choice aggregator, through the expiration of all then existing electricity purchase contracts entered into by the Department of Water Resources.
- (f) A retail end-use customer purchasing electricity from a community choice aggregator pursuant to this section shall

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reimburse the electrical corporation that previously served the customer for all of the following:

- (1) The electrical corporation's unrecovered past undercollections for electricity purchases, including any financing costs, attributable to that customer, that the commission lawfully determines may be recovered in rates.
- (2) Any additional costs of the electrical corporation recoverable in commission-approved rates, equal to the share of the electrical corporation's estimated net unavoidable electricity purchase contract costs attributable to the customer, as determined by the commission, for the period commencing with the customer's purchases of electricity from the community choice aggregator, through the expiration of all then existing electricity purchase contracts entered into by the electrical corporation.
- (g) Estimated net unavoidable electricity costs paid by the customers of a community choice aggregator shall be reduced by the value of any benefits that remain with bundled service customers, unless the customers of the community choice aggregator are allocated a fair and equitable share of those benefits.
- (h) (1) Any charges imposed pursuant to subdivision (e) shall be the property of the Department of Water Resources. Any charges imposed pursuant to subdivision (f) shall be the property of the electrical corporation. The commission shall establish mechanisms, including agreements with, or orders with respect to, electrical corporations necessary to ensure that charges payable pursuant to this section shall be promptly remitted to the party entitled to payment.
- (2) Charges imposed pursuant to subdivisions (d), (e), and (f) shall be nonbypassable.
- (i) The commission shall authorize community choice aggregation only if the commission imposes a cost-recovery mechanism pursuant to subdivisions (d), (e), (f), and (h). Except as provided by this subdivision, this section shall not alter the suspension by the commission of direct purchases of electricity from alternate providers other than by community choice aggregators, pursuant to Section 365.1.
- (j) (1) The commission shall not authorize community choice aggregation until it implements a cost-recovery mechanism, consistent with subdivisions (d), (e), and (f), that is applicable to

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customers that elected to purchase electricity from an alternate provider between February 1, 2001, and January 1, 2003.

- (2) The commission shall not authorize community choice aggregation until it has adopted rules for implementing community choice aggregation.
- (k) (1) Except for nonbypassable charges imposed by the commission pursuant to subdivisions (d), (e), (f), and (h), and programs authorized by the commission to provide broader statewide or regional benefits to all customers, electric service customers of a community choice aggregator shall not be required to pay nonbypassable charges for goods, services, or programs that do not benefit either, or where applicable, both, the customer and the community choice aggregator serving the customer.
- (2) The commission, Energy Commission, electrical corporation, or third-party administrator shall administer any program funded through a nonbypassable charge on a nondiscriminatory basis so that the electric service customers of a community choice aggregator may participate in the program on an equal basis with the customers of an electrical corporation.
- (3) Nothing in this subdivision is intended to modify, or prohibit the use of, charges funding programs for the benefit of low-income customers.
- (*l*) (1) An electrical corporation shall not terminate the services of a community choice aggregator unless authorized by a vote of the full commission. The commission shall ensure that prior to authorizing a termination of service, that the community choice aggregator has been provided adequate notice and a reasonable opportunity to be heard regarding any electrical corporation contentions in support of termination. If the contentions made by the electrical corporation in favor of termination include factual claims, the community choice aggregator shall be afforded an opportunity to address those claims in an evidentiary hearing.
- (2) Notwithstanding paragraph (1), if the Independent System Operator has transferred the community choice aggregator's scheduling coordination responsibilities to the incumbent electrical corporation, an administrative law judge or assigned commissioner, after providing the aggregator with notice and an opportunity to respond, may suspend the aggregator's service to customers pending a full vote of the commission.

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(m) Any meeting of an entity authorized to be a community choice aggregator, as defined in Section 331.1, for the purpose of developing, implementing, or administering a program of community choice aggregation shall be conducted in the manner prescribed by the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

- (n) Amendments to this section made by Assembly Bill 2145 of the 2013–14 Regular Session do not affect the enrollment status of a customer already enrolled in a community choice aggregation program prior to January 1, 2015.
- SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIIIB of the California Constitution.